

HOUSE No. 761

By Mr. O’Flaherty of Chelsea, petition of Eugene L. O’Flaherty relative to the payment of interest on pecuniary legacies and pecuniary distributions under trust instruments. The Judiciary.

The Commonwealth of Massachusetts

In the Year Two Thousand and Five.

AN ACT RELATING TO THE PAYMENT OF INTEREST ON PECUNIARY LEGACIES
AND PECUNIARY DISTRIBUTIONS UNDER A TRUST INSTRUMENT.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 197 of the General Laws is hereby
2 amended by striking out section 20 and inserting in place thereof
3 the following section:—
4 Section 20. The rate of interest upon pecuniary legacies under a
5 will or trust shall be the Federal short term rate (for Annual
6 Period for Compounding purposes) determined by the Secretary
7 of the Treasury in accordance with Section 1274(d) of the Internal
8 Revenue Code, as amended and then in effect, for the month
9 during which interest first becomes payable, rounded to the
10 nearest full percent (or, if a multiple of ½ of 1 percent, such rate
11 shall be increased to the next highest full percent). Such rate of
12 interest, once established, shall apply per annum (without com-
13 pounding) until a pecuniary legacy or pecuniary distribution is
14 paid in full, regardless of any subsequent change in the Federal
15 short-term rate. Unless otherwise provided in the will or trust,
16 interest shall be payable from the date of the expiration of the
17 period within which creditors may bring actions against an
18 executor or administrator as provided in Section 9, or six months
19 from the date upon which the distribution is required by the trust,
20 except in the case of a trust subject to the claims of creditors as
21 provided in Section 9, in which event interest shall be payable
22 from the expiration of the longer of the two periods of time speci-
23 fied in this sentence.

1 SECTION 2. The provisions of this act shall apply to estates of
2 persons dying on or after the effective date of this act.